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February 21, 2007

The Honorable Charles L. A. Terreni
Chief Clerk
Public Service Commission of South Carolina
Post Office Drawer 11649
Columbia, South Carolina 29211

Re: Proceedings to Establish Guidelines for an Intrastate Universal Service
Fund
Docket No. 1997-239-C

Dear Mr. Terreni:

BellSouth Telecommunications, Inc. d/b/a AT&T South Carolina ("AT&T") respectfully submits this letter in response to the letter the South Carolina Telephone Coalition ("SCTC") filed in this docket on February 7, 2007 and the letter several parties, including the South Carolina Cable Television Association, CompSouth, and Time Warner Telecom ("other interested parties"), filed in this docket on February 15, 2007. For the reasons set forth below, AT&T respectfully requests that the Commission consider determining which potential modifications will be considered in this proceeding as a threshold matter. AT&T submits that doing so would save time and resources for the Commission and all parties to this docket.

AT&T's request is based on its view that, to a certain extent, both the SCTC and the other interested parties raise valid points in their respective letters. As the SCTC notes, the Supreme Court is considering the Commission's Orders implementing the State USF statutes, and the Circuit Court has stayed appeals of subsequent Commission Orders regarding the State USF pending the outcome of that appeal. AT&T agrees with the SCTC that wholesale modifications that go to the very heart of the State USF Guidelines likely should not be adopted while the Guidelines are the subject of an appeal before the Supreme Court.

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COMMISSION IN ACCORDANCE WITH ITS ELECTRONIC FILING INSTRUCTIONS.**

The Honorable Charles L. A. Terreni
February 21, 2007
Page Two

The other interested parties, however, correctly note that there have been significant changes in the telecommunications industry since the State USF was established. While AT&T does not believe these changes call into question the legality of the Commission's existing State USF Orders, some of those changes warrant a review and possible modification of the State USF Guidelines. The passage of Act 175, for example, clearly impacts the State USF Guidelines, and AT&T believes that modifications designed to conform the Guidelines to Act 175 could properly be implemented during the pendency of the various State USF appeals.

Given the broad spectrum of potential modifications that parties to this proceeding may suggest, AT&T respectfully submits that determining which potential modifications will be considered in this proceeding as a threshold matter would save time and resources for the Commission and all parties to this docket. Toward that end, AT&T suggests that the Commission consider requiring each party to file a short and succinct list of modifications it would like the Commission to consider in this proceeding. AT&T suggests that conducting a publicly-noticed workshop with the parties to discuss each proposed modification submitted likely will help the Commission and the parties resolve, or at least narrow, disputes regarding which proposed modifications the Commission should and should not consider at this time. Following the workshop, AT&T suggests that the Commission inform the parties which proposed modifications it will and will not consider in this proceeding, and then establish a schedule for direct submission, rebuttal submissions, and a hearing.

At a minimum, this type of process will allow each party to fully address its position on the merits of each proposed modification in its initial submissions, which in turn should facilitate more focused and concise rebuttal submissions and a more efficient hearing.

AT&T appreciates the Commission's consideration of the ideas set forth in this letter.

Sincerely,

A handwritten signature in black ink, appearing to read "Patrick W. Turner". The signature is fluid and cursive, with a large initial "P" and a stylized "T".

Patrick W. Turner

PWT/nml
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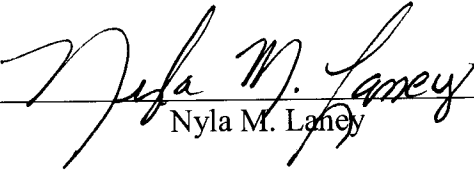
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